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COPY NO 39

OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST OF SIGNIFICANT TRAFFIC

Date: MAR 10 1951

NOTE:

1. This summary of significant reports has been prepared for the internal use of the Office of Current Intelligence. It does not necessarily represent a complete coverage of all current traffic in CIA or in the Office of Current Intelligence.
2. Comment represents the preliminary views of the responsible analysts and not necessarily the final view of the Office of Current Intelligence.
3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

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SECTION 1 (SOVIET)

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"C" EASTERN EUROPE. HUNGARY. Jewish Repatriates Believed to be Communist Agents. As of 6 February 1951 a total of 81 Jewish repatriates had returned to Hungary through Rumania from Israel. Rumanian press accounts emphasized that the Jews were returning full of disillusionment and bitterness over the "tragic" situation of the Israeli "paradise". An Israeli Legation spokesman in Bucharest stated that in his opinion many of the returned individuals are agents of the Communist Party who were sent out to Israel to agitate and are returning for propaganda purposes.

"C" YUGOSLAVIA. Belgrade Radio Criticizes Stalin's Russian. Belgrade radio, in a broadcast in Czech, notes that Cominform speakers claim that Russian is the "language of the future", that Marx learned Russian and that Russian was the language of Lenin as well as that of the "great wise,

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and so on" Stalin. Belgrade radio points out that it was also the language of Czar Nicholas II who spoke it without a Georgian accent.

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"C"

Yugoslavs Attempt to Buy Tractors. The Yugoslavs are attempting to purchase through ECE 5-7,000 tractors and a number of agricultural machines, spare parts and tools on credit terms extending over 7-9 years. The Yugoslavs propose to make repayment in the export of grain and estimate that the equipment purchased will enable them to expand Yugoslav grain production by 15%, the greater part of which would be available for export to Western Europe. The Secretariat of ECE estimates that, if this additional equipment is obtained by Yugoslavia, the country could increase its tractive power from 5-8%, which would contribute to a substantially increased grain output. The Yugoslav delegate wishes US assistance in expediting early action on its proposal, stressing that even if half the theoretical increase in Yugoslav export capabilities is reached within the next two years, Western European countries would effect considerable dollar savings. The US delegation to ECE in Geneva is unable to judge the specific merits of the Yugoslav proposal, but suggests that, if analysis of the Yugoslav claims are substantiated, US assistance in concluding agreements of this type would "pay big dividends."

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SECTION 2 (EASTERN)

"B" SYRIA. Cabinet Resigns. According to the Iraqi radio, the Syrian Cabinet of Prime Minister Nazim al-Qudsi tendered its resignation to President Hashim al-Atassi on the night of 9 March. [redacted]

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COMMENT: Opposition to Qudsi's one-party Populist Government has steadily increased in the last few weeks, spurred by the apparent political collaboration of Deputy Chief of Staff, Adib Shishakli, and Akram Hawrani, leader of the Arab Socialist Party. [redacted]

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Though no explanation of the cabinet crisis has yet been received, it is quite possible that Hawrani is behind it.

"B" IRAN. Disorder Continues. Press and Embassy reports from Tehran state that the extremist religious sect Fedayan-i-Islam ("Crusaders for Islam"), to which the assassin of Premier Razmara belonged, has openly acclaimed the murder and threatened a further purge of those who betray the country to foreigners. Leaflets of the organization, distributed Thursday during a demonstration in favour of the nationalization of the British-owned Anglo-Iranian Oil Company, demanded the release of the assassin and threatened to kill anyone who harmed him. Meanwhile, obviously Communist-inspired crowds of leftist "peace partisans" demonstrated outside the US Embassy, shouting "death to MacArthur" and other anti-US slogans. US Embassy Tehran reports that Parliament has refused to accept a government headed by Fahimi [redacted] and declined to pass urgently-needed legislation on the ground that there is now no legal government. [redacted]

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COMMENT: Both of the cited demonstrations appear to have been orderly and not sufficiently alarming to persuade the government to declare martial law. The threats uttered by the Fedayan are similar to those made by the same organization a year and a half ago when Hajir, then Minister of Court, was murdered by an assassin of the same group. Nevertheless, the exploitation of the occasion by the Communists, as well as the irresponsible action of Parliament, illustrates the need for a firm hand to prevent the situation from deteriorating further. Although the Shah might provide this firm direction, there is as yet no sign that he will do so.

"A" PAKISTAN. Military Plot to Seize Control of Government Foiled. On 9 March, Prime Minister Liaquat Ali Khan announced to the people of Pakistan that a plot to unsettle the Government by violent means and to subvert the nation's military forces had been foiled by the arrest of (1) Major General Akbar Khan, Pakistani Chief of Staff, (2) his wife, (3) Brigadier M.A. Latif, a brigade commander at Quetta, and (4) Faiz Ahmad Faiz, editor of the (pro-Communist) newspaper PAKISTAN TIMES. The Prime Minister stated that he had been deeply shocked by the disclosure of the plot. He then continued at some length to commend the vigilance, discipline, and loyalty of the Pakistani armed forces. According to press reports, it is alleged that the plot was

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aimed at seizure of the Governor General and Cabinet members of Pakistan and establishment of a military dictatorship. [REDACTED] COMMENT: Political opposition to the present Pakistani Government has been evident for some time, but [REDACTED] consistently emphasized the absolute loyalty of the armed forces. Discovery of this plot therefore comes as something of a surprise, and the pains taken by the Prime Minister to praise the Army's loyalty indicates that the people of Pakistan may also be unnerved by the news. On the basis of scanty information and assuming the plot to be genuine, it appears that the plotters could have been activated by two motives. The first of these motives is both political and personal. Both Major General Akbar Khan and Brigadier Latif have seemingly been engaged in political intrigue. The General is thought to owe his present position to political favor and is disliked by his fellow officers. Furthermore, political activity in Pakistan has recently been intense, since elections in the critical province of the Punjab are scheduled to take place on 10 March. It is therefore possible that certain of Prime Minister Liaquat's political opponents have taken advantage of General Akbar's position and threatened to unseat him if he did not cooperate with them in unseating the present Government. The second possible motive is more alarming. The Communists in Pakistan, though still fairly weak, have been steadily gaining in strength. There has been little to indicate that they have successfully penetrated the Army. Nevertheless, the implication in the plot of Faiz Ahmad Faiz, generally believed to be Pakistan's leading Communist, suggests that the Communists have been able to exploit Akbar Khan's emotions and personal ambitions to an extent not previously believed possible. An alternate, if improbable explanation for the reported arrests, would be that Pakistan's Prime Minister, himself, is attempting both to strengthen his regime and discredit his opposition by announcing a plot, arresting a voluble Communist mouthpiece and simultaneously supplying himself with an excuse for stringent security measures.

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[REDACTED] INDOCHINA. [REDACTED]

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"B"

De Lattre Suspicious of US Aims. De Lattre took the occasion of a conference with STEM-Chief Blum to assert that it was only out of a "spirit of liberation" and because Governor Tri in Tonkin had done a good job that he (De Lattre) continued to allow the Vietnamese to run their own civil affairs in Tonkin. The General pointed out that he had the right to revoke this "freedom" at any time. De Lattre further observed, in a "friendly but apparently sincere tone" that he considered the STEM operation most dangerous from a French point of view, and that as a Frenchman he must resist growing American influence in Indochina at the expense of France.

[REDACTED] COMMENT: Although De Lattre is on sound

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legal ground regarding his authority in the military zone of Tonkin, the sharp tone of his observations goes far towards confirming the Vietnamese contention that French acceptance of US aid in Indochina is more for the purpose of maintaining French influence than permitting the development of an independent Vietnam.

"A" BURMA. Ba Maw's Espousal of Communism. At a mass meeting on 3 March, Dr. Ba Maw, the wartime Japanese puppet and leader of the Mahabama Party, called upon Burma either to complete its revolution or stagnate. He advanced a program of "revolutionary nationalism" calling for radical land reform, industrial revolution and nationalization. In the course of his speech, Ba Maw made numerous references to Ho Chi Minh, Mao, and Marx and modestly claimed credit for fathering Marxism in Burma. The meeting was remarkable for the absence of Ba Maw's old conservative cronies and the presence of the youthful leaders of the pro-Communist Workers and Peasants Party (BWPP). US Embassy Rangoon comments that while Ba Maw could probably win a seat in Parliament, his party is not believed to constitute even a potential threat to the Government. [REDACTED] COMMENT: This report confirms that the opportunistic Ba Maw views an alignment with Communism as his best means of regaining power. It is questionable whether he could win a seat in Parliament on a purely Mahabama ticket, but an alliance between the BWPP and the astute and clever Ba Maw is potentially dangerous.

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"B" INDONESIA. East Java Lawlessness Increasing. The rapidly deteriorating security situation in East Java is causing concern. One gang, estimated at 1,000 men in strength, is operating in the south Malang district and recruits, consisting largely of demobilized army men, are joining daily. About 100 rubber estates remain in the hands of squatters who demand full back pay for as much as four years as the price of the return of the properties to their legal owners. The UK Consul in Surabaya advises that he is now recommending removal of personnel from British-owned estates to more secure areas. Meanwhile Indonesian military authorities assure the US Consul that "sweeps" are coming soon. The US Consul opines that the situation will require large-scale and ruthless measures. [REDACTED] COMMENT: Indonesian army control continues to be weakest in East Java largely due to poor military organization and discipline.

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"B" NEW ZEALAND. Government Remains Firm toward Waterfront Strike. At the end of the third week of the waterfront strike, the Government is still standing firm and retaining public support. The Waterside Union leadership is now reportedly prepared to accept arbitration (hitherto refused) but the Government appears determined that there will be no return to the status quo ante and is apparently intent on fostering a new union which would not contain the Watersiders' present militant leadership. [REDACTED] COMMENT: New Zealand servicemen are continuing to work ships at New Zealand ports. Meanwhile, the National Federation of Labor is considering what policy it should adopt toward the strikers. If the Federation decides the strike is illegal, some of the support from

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other unions (refrigeration workers and miners now on sympathy strikes) might be withdrawn from the Watersiders - an action which would somewhat improve the labor situation. However, continued cargo handling by the military would be unpopular in all union ranks.

"A" CHINA. New Reports on the Presence of Soviet Personnel. The UK Military Attache, Canton, who arrived in Hong Kong on 4 March, reports that the Kwangtung capital is "full of Soviets", that their number has increased rapidly of late, that they are high-handed with Chinese officials, that anti-Russian sentiment amongst the public is obvious, that he did not observe any Russian in uniform, and that he was of impression that most Russians were Air Force personnel. [REDACTED] 50X1

Meanwhile, a European missionary, who recently arrived in Hong Kong from a town near Canton, states that he has never seen Soviet military personnel in uniform. He has, however, seen many Russian sailors from Soviet ships which now call at Canton. [REDACTED] 50X1

Of some 30 missionaries from 10 different Chinese Provinces interrogated by US Consular authorities in Hong Kong, few had seen or heard of Russians in interior areas. [REDACTED] COMMENT: The fact that few missionaries had observed Soviet personnel in interior areas does not necessarily mean that none are there. It is, however, likely that, with few exceptions--such as possibly Nanning, Hankow, etc.--the largest concentrations of Soviet personnel, military as well as civilian, in China are to be found in East China. Although there have been reports of Soviets in uniform travelling in China, this is probably the exception rather than the rule. 50X1

"A" KOREA. Error in Number of Jet Aircraft Reported. A USAF spokesman has announced that the reported sighting of 60 Communist jets over Korea on 8 March, was erroneous and that only 15 had been sighted. [REDACTED] 50X1

COMMENT: Enemy jet aircraft continue to be sighted in the Manchurian-Korean border area. It is known that the Communist possess a considerable number of Soviet jet aircraft of advanced types and have apparently been testing them under combat conditions in the Antung-Sinuiju area. Thus far, the Communist have not exhibited any great number of jets at any one time. 50X1

"B" JAPAN. Korean Espionage Agents Arrested. CINCFE disclosed today that a total of 45 North Korean secret agents have been taken into custody in Japan, while 100 others are still being sought in connection with three interlocking espionage rings which have been operating in Hokkaido, Northern Honshu and the Osaka area. One of the rings, operated by North Korean Labor Party, (the Communist Party) worked in coordination with leftist Korean groups in Japan, while an economic net operated by the North Korean Trading Company, financed agents and provided transportation. CINCFE has appointed a military commission to try the first group of 24 agents, against which the prosecutor believes he had a prima facie case. [REDACTED] 50X1

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"B" JAPAN. Prominent Communist Resigns. SUZUKI Tomin, the former Communist editor of the "Yomiuri Shimbun", has formally submitted his resignation from the Japan Communist Party on the grounds of his distaste for the internal strife and "power politics" among Party leaders. Suzuki added that he was not aware of any direct support for the Party from the Soviet Union or Communist China. COMMENT: There have been indications that the rift between the "internationalist" and "centralist" factions has been on the mend. Suzuki's remarks indicate that dissension within the JCP may still be serious.

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SECTION 3 (WESTERN)

"B" GERMANY. East Berlin Reports Agitate Berlin Utility Workers. Western Allied authorities in Berlin are endeavoring to avoid intervention in the city's public utilities dispute unless a serious emergency develops. There are indications that the utility workers' determination to strike for wage boosts may be bolstered by reports in the east Berlin press that the Bonn Government is not considering financial aid to Berlin to meet the workers' demands. These reports may turn the workers' criticism from the Berlin administration to the Bonn Finance Ministry. One union official has suggested that the workers may stage only a limited demonstration.

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"C" FRANCE. Cabinet Crisis Resolved. Although the French National Assembly last night approved Henri Queuille as Premier by a vote of 359 to 205, agreement is not assured on the basic electoral reform issue or on critical economic questions. Queuille is apparently unable to secure a unanimous Radical turnabout in favor of the single-ballot proposal of the Popular Republicans (MRP), but, since only a small number of additional votes are required, the "voting liberty" that the Radical Party has granted its deputies on this issue should permit the necessary majority. Debate is in prospect, however, on the question of financing a price-stabilization fund for the pre-election period, because Queuille has promised the Radicals that there will be no new taxes imposed to support this Socialist-sponsored measure.

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COMMENT: The break in the Radical opposition to the single-ballot reform will probably settle the issue, in view of the agreement within the Third-Force coalition that some anti-Communist electoral reform is essential. The economic measures to be adopted by the Queuille Government will be merely expedients pending election of a new Assembly.

"B" SWITZERLAND. Swiss Seek to Expedite Polish Coal Shipments. A private delegation of Swiss importers of Polish coal has arrived in Warsaw to expedite shipments of 60,000 tons of coal still to be delivered under the trade agreement expiring in June, 1951. Although the Poles are treating the matter carefully, in contrast to their behavior toward the Norwegians last fall, the Swiss believe that the Poles are evading the present contract and wish to renegotiate the undelivered quantity

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at the currently much higher price. The Swiss are prepared to negotiate new prices on completion of the current contract but threaten to boycott the Polish coal market "after the present shortage" if the Poles raise prices now. [REDACTED] COMMENT: In view of the developing shortage of raw materials in Switzerland, the Swiss would be hard pressed at the present time without Polish coal. However, the Swiss would carry out their threat and end Polish coal imports once the current coal shortage is over. This would in the long-run be harmful to the Poles because under the 5-year trade agreement negotiated last year, the Poles will receive important industrial equipment in return for their coal. The careful attitude which the Poles are maintaining toward the Swiss is characteristic of recent dealings between the Soviet bloc and the Swiss, and indicates that a compromise may be achieved.

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"B" UNITED KINGDOM. Cabinet Shuffle Strengthens Government. Foreign Secretary Bevin has transferred to the Cabinet sinecure of Lord Privy Seal [REDACTED] and been replaced at the Foreign Office by Deputy Prime Minister Morrison. Morrison's former duties as Leader of the House of Commons will be assumed by Home Secretary Chuter Ede, while Viscount Addison, Leader of the House of Lords, will take over Morrison's former responsibilities as Lord President of the Council.

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[REDACTED] COMMENT: This move, which ends a period of mounting domestic irritation over the absence of a healthy, vigorous Foreign Secretary [REDACTED] means no change in the broad lines of British foreign policy but puts the direction of Britain's foreign policy into the hands of the only Labor leader whose power, prestige, and influence within the Cabinet and the Labor Party rivals that of Bevin and Attlee. Although inexperienced in the handling of foreign affairs, Morrison's success as party manager will facilitate his task of winning the support of the Parliamentary Labor Party for his policies. Bevin's retention in the Cabinet will make for continuity in British foreign policy and for the continuing supremacy of the moderate Attlee-Bevin-Morrison group within the Cabinet. Chuter Ede's reputation as a fair minded and competent party regular will assist him in the discharge of his new duties, although Morrison's political skill will be missed in matters of party tactics. On balance, Attlee seems to have strengthened his Government, and incidentally, to have greatly enhanced Morrison's political chances in the latter's potential rivalry with Aneurin Bevan for the future leadership of the Labor Party.

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"C" DENMARK. Delay in MDAP Plane Shipment. Postponement of delivery of jet aircraft to Denmark from August '51 to January '52 will adversely affect Danish confidence in the US especially since certain necessary air facilities are being readied by the earlier date at the specific urging of the US. Morale of the airforce will decline if men remain

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idle because equipment is lacking. [REDACTED]

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COMMENT: The Danes, having decided to support NATO and realizing only too well that their present position is exposed and the country is practically unarmed, are readily depressed at any indication of delay in delivery of materiel.

"C" ARGENTINA. Peron Concerned about Political Unrest. President Peron is concerned about reports that non-Peronista groups are gaining in public favor. He feels that these groups may be waiting for the proper moment to appeal to public sympathy, in view of their patience even in the face of attacks by the Government. [REDACTED]

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[REDACTED] COMMENT: This confirms [REDACTED] that the Government is worried about opposition groups' increased influence among labor, which together with the Army form the bases of Peron's support. Some loss in Peronista support was reflected in the last two provincial elections and in the subsequent railway strikes (Nov 50 to Feb 51), which represented labor's strongest defiance of the Government. Despite the Government claims that it can keep the opposition divided, opposition activity will probably have an adverse effect on government stability during the next few months.

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"C" EL SALVADOR. Government Foils Communist Plot. The Salvadoran Government has seized machine guns and ammunition belonging to Communist elements reputedly plotting a coup d'etat. Leaders of the Communist labor group CROS (Comité de Reorganización Sindical) have been arrested, some 20 conspirators have been deported to Nicaragua, and a state of seize has been declared. [REDACTED]

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[REDACTED] COMMENT: It is unlikely that the current plot represented an immediate threat to the stability of the Government. However, in recent months the Communists have had some success in the field of labor organization, and have been seeking to establish a coordinated liberal opposition movement to the Osorio administration. The current arrests (which are in line with the Government's determination to suppress the Communists) will deprive the left-wing opposition of some of its most active leaders.

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DAILY DIGEST SUPPLEMENT



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OFFICE OF CURRENT INTELLIGENCE
DAILY SUMMARY [REDACTED] 50X1

10 March 1951

DEPUTY FOREIGN MINISTERS' CONFERENCE

"A" French See Bargaining Point in Trieste. Alexander Parodi, French representative at the current meeting of the Big Four Foreign Ministers' deputies, thinks the Ministers might discuss the stationing of US and UK forces in Trieste and yet refuse to discuss the status of the Free Territory. He has raised the question informally with Ambassador Jessup to learn if the US would agree to evacuate Western forces now stationed there. [REDACTED] COMMENT: This is an expression of the French desire to explore every possibility which might lead to a basis for bargaining on specific issues. Although the troops in question are merely a token force, their presence has given reassurance to both Italy and Yugoslavia. 50X1

SECTION 2 (EASTERN)

"B" INDIA, Britain Prepared to Accept Ralph Bunche as UN Representative in Kashmir. On 3 March, US Embassy London reported that the UK was apparently prepared to accept Ralph Bunche as UN Representative in Kashmir, provided the Pakistanis did not raise violent objections. On 7 March, Sir Zafrulla Khan, Pakistani UN Delegate, said that, though he did not reject Bunche, Pakistan definitely preferred an American noted for his drive and commanding personality rather than for his ability at negotiation. [REDACTED] COMMENT: When it became clear early in February that Admiral Nimitz would not be available for this position, the US had suggested that Bunche be approached. The UK objected because of its belief that Bunche's association with the Israel-Arab settlement would probably make him unacceptable to the Moslem Pakistanis on the grounds that he had been pro-Jewish. The UK has presumably been unable to discover a suitable substitute, however, and is now prepared to see Bunche approached. Since Sir Zafrullah has raised no major objections to Bunche, it would seem that he is the most likely candidate for the post. 50X1

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SECTION 3 (WESTERN)

"B" FRANCE-GERMANY. Coke Dispute Threatens Schuman Plan and Relaxation of P.L.I. There is no hope that the French Cabinet will approve lifting the ceiling on German steel production or will agree to the Schuman Plan unless an equitable allocation of German coke supplies is guaranteed until the Schuman Plan High Authority begins to function. French Foreign Minister Robert Schuman and Jean Monnet, author of the coal-steel pool plan, are seriously disturbed by current German attempts to withdraw Western Germany's acceptance of the French proposal to work out interim arrangements on coke. COMMENT: German success in avoiding an agreement on coke allotments strengthens French determination to require definite German commitments on coke supplies before ceiling restrictions on German steel are lifted.

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